

# Problems & Rules in Online Retailing



## DEFINITIONS:

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**E-commerce:** Buying and selling of goods and services over digital and electronic network.

**Digital and electronic network:** Network of **computers, television channel and internet application** used in an automated manner such as web pages, extranets, mobiles, etc.

**E-commerce FBO:** Any Food Business Operator carrying out any of the activities in Section 3(n) of Food Safety & Standards Act, 2006, through the medium of e-commerce.

- Section 3(n): Food business means any undertaking, whether for profit or not and whether public or private, carrying out any of the activities related to any stage of **manufacture, processing, packaging, storage, transportation, distribution of food, import and includes food services, catering services, sale of food or food ingredients**

# E-COMMERCE FBO MODELS:

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## Marketplace based:

- **Providing an information technology platform** by an e-commerce FBO on a digital and electronic network to act as a facilitator between the buyer and seller / brand owner / manufacturer.
- E-Commerce marketplace includes entities providing support services to sellers / brand owners / manufacturers in respect of **warehousing, logistics, order fulfillment, payment selection, facilitator of delivery and other services.**

## Inventory based:

- An e-commerce activity where **inventory of food products and food services is owned by e-commerce FBO** and is sold to the customers directly.

## BUSINESS MODELS OF E-COMMERCE FBO:

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- E-commerce entity providing **listing services** on their platform, thereby providing platform for commerce to the sellers, manufacturers, restaurants etc.
- FBO who **display or offer their food products**, including food services, catering services, food ingredients for sale to the customers, through either the market based model or the inventory based mode of e-commerce
- Operating and providing **storage and/or distribution** services FBO listed on their marketplace.
- Providing **transportation services** to FBO and/or providing **last mile delivery transportation** to the end consumers.

## REGISTRATION & LICENSING:

- e-commerce FBOs have to obtain license from the **Central Licensing Authority for the entire supply chain** i.e. Head Office/Registered Office, Manufacturers, Transportation, Storage, Distribution, etc.
- It shall be ensured by the e-commerce FBOs that the **last mile delivery is undertaken by trained delivery personnel** and the **safety of food product** is not compromised at the time of delivery.
- E-commerce entities providing **listing / directory services, may not be required to obtain license / registration**, subject to their not being engaged in any activities as specified in the definition of Food Business as defined in Act.
- However, these e-commerce entities shall ensure that **no misleading information / false claims or misleading images** of food products are made available or shown on their platform.
- The ecommerce entities shall **clearly specify on their platform that liability of any violation** of the FSS Act and applicable Rules and Regulations made thereunder **would be with the sellers/brand owners, vendors, importers or manufacturers** of the food products

## SUPPLY CHAIN COMPLIANCE:

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- No FBO by himself, or by any person on his behalf, manufacture, sell or distribute any article of food which is **unsafe or misbranded or substandard or contains extraneous matter** or for which a license is required, except in accordance with the conditions of the license.
- All e-commerce **FBOs are required to sign an agreement with the sellers / brand owners / manufacturers** averring that the said sellers / brand owners / manufacturers are compliant with FSS Act and Rules and Regulations made thereunder.



## FOOD PRODUCT LISTING AND INFORMATION:

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- The FBO who display or offer any pre- packed food for sale to the customers, either on their own e-commerce platform or on the marketplace based model, shall ensure that **legible and clear picture of the principal display panel of such pre-packed food is made available for viewing by the customers.**
- The principal display panel **excluding batch number/lot number, best before, expiry date and MRP** shall be displayed.
- The FBO dealing in fresh produce will provide an **indicative image of the same produce to the e-commerce FBOs for displaying on their platform** to enable the consumers to help recognize the product.
- The FBOs on the e-commerce platform shall be required to **display their License / Registration** obtained under the FSS Act and Regulations.

## FOOD PRODUCT LISTING AND INFORMATION:

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- Mandatory food information mentioned in the FSS Act, Rules and Regulations made thereunder shall be provided to the consumers without charging supplementary costs.
- The relevant mandatory food information should also be available before the purchase is concluded.
- The food products offered for sale by any e-commerce FBO shall be liable to sampling at any point of the supply chain.
- The term seller / brand owners / manufacturers used here should be read to mean seller / brand owner / restaurant / vendor / importer / processor / packager / manufacturer responsible for the listing of their product / offering on the e-commerce platform and will be visible to the end consumer as the 'seller' of the said product / offering.



## HANDLING OF CONSUMER COMPLAINTS:

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- E-commerce FBO Consumer Complaint Cell shall act as under in respect of complaint received from consumers.
- Complaints relating to product efficacy, quality or any other such issues will be notified immediately by e-commerce FBO to the sellers / brand owners / importers / manufacturing company concerned for expeditious resolution.
- The consumer will also be redirected to the consumer call center of the manufacturer so that consumer directly pursues the matter further.
- The sellers / brand owners / vendors / importers / manufacturers as the case may be, will be liable and bound to take action on the complaint raised by the consumer.
- The e-commerce FBO will cooperate with the consumers to enable the satisfactory resolution of the complaint by sharing with him all relevant information including seller / brand / owner / manufacturer details.
- Consumer complaints shall be redressed as per the timeline prescribed by Ministry of Consumer Affairs from time to time.

# RESPONSIBILITY OF ECOMMERCE FBO TOWARDS RECALL:

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The e-commerce FBO / entities shall **immediately delist any food products** listed on their platform, which are not in compliance with the FSS Act or Rules or Regulations, made thereunder.

## LIABILITY OF FBO:

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All the FBOs shall comply with the **basic hygiene and sanitary practices mentioned in the Schedule 4** of Food Safety and Standards (Licensing and Registration of Food Businesses), Regulations 2011.

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**Thank You**